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RUCPDO/DEPT OF COMMERCE WASHDC IMMEDIATE
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RHHMUNA/CDRUSPACOM HONOLULU HI IMMEDIATE
RUEHIN/AIT TAIPEI IMMEDIATE 1420

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SUBJECT: CONGRESSMAN CHABOT HELPS KICK OFF BALIKATAN 07
EXERCISE

REF: MANILA 560

¶1. (U) Summary. During his February 18-20 visit to the Philippines, U.S. Congressman Steve Chabot (R-OH) joined Ambassador, Philippine Secretary of National Defense Ebdane, and high ranking U.S. and Philippine military officials at the Opening Ceremony of Balikatan 2007, the annual U.S.-Philippines joint military exercise. Congressman Chabot also toured the facilities of two major Ohio-based companies - a Procter & Gamble plant in Cabuyao and a Convergys call center in Manila. He separately met with the Philippine Speaker of the House Jose De Venecia and toured the American Military Cemetery in Manila. His visit was another symbol of the strong partnership and close friendship between our two countries, and Embassy would welcome additional Congressional visitors. End Summary.

AFP: Transforming While Performing

¶2. (U) U.S. Congressman Steve Chabot (R-OH) joined Ambassador, Philippine Secretary of National Defense Hermogenes Ebdane, and high ranking U.S. and Philippine military officials at the opening ceremony of Balikatan 2007, the major annual joint exercise involving Armed Forces of the Philippines (AFP) and U.S. military units. The ceremony received widespread coverage in the local media, including photos of the Congressman with the other dignitaries.

¶3. (U) After the ceremony, the Congressman and Ambassador met privately with Secretary Ebdane and AFP Chief of Staff General Hermogenes Esperon. Secretary Ebdane and General Esperon briefed the Congressman on the ongoing Philippine Defense Reform program jointly funded by our two governments, stressing that the AFP has "come a long way" since the inception of the program. General Esperon explained that the first phase focuses on internal security operations and strives to achieve "quick wins" by producing tangible results for soldiers in terms of equipment and training. He pointed out that the AFP is in the process of devising "performance measures" to "make sure there will be no backsliding." With the AFP currently engaged in fighting terrorists and communist insurgents, General Esperon added that "while transforming, we must be performing."

¶4. (U) Congressman Chabot commended the U.S.-Philippine partnership and lauded the Philippines for its efforts in the war on terror. General Esperon asked Congressman Chabot "to thank Congress for U.S. support, especially the intelligence," adding that "none of the operations would

succeed without it."

Procter & Gamble Factory Visit

15. (U) The Congressman traveled outside of Metro-Manila to visit the Procter & Gamble plant in the town of Cabuyao. P&G - a Cincinnati-based company - first established its presence in the Philippines in 1935 and, except during the Japanese occupation in World War II, has operated successfully here ever since. P&G manufactures a wide-range of products in the Philippines, including detergents and various paper hygiene products. Plant managers stated that 85% of the goods produced at the Cabuyao plant are for local sale and that the Philippines ranks among the top 12 markets for P&G. The company employs approximately 1,000 people nation-wide.

Convergys Call Center

16. (U) Congressman Chabot also toured the call center facilities of another Cincinnati company, Convergys. Convergys has grown at a prodigious rate in the Philippines since beginning operations here in 2003. Today, the company employs over 10,000 people at seven locations throughout the country, providing call center services to the American market in customer care, accounts receivable management, finance and accounting, information management and human resources.

17. (U) According to the operations manager, the Philippine call center industry has a leg-up on foreign competition particularly because of the Filipino familiarity with American culture and the "neutral" accent of Filipino English. Nevertheless, company officials expressed concern that English language proficiency in the Philippines is far from optimal. With the stupendous growth of Philippine BPO sector (the Philippine Board of Investment forecasts an annual growth rate of 100%), competition for talent is fierce. Moreover, due to sub-par language skills of the hiring pool, the company hires on average only five out of every 100 applicants. To fill the call center seats, the Convergys has resorted to what it calls "interventions" for near-hire applicants. Presently, Convergys is providing language training directly to some 700 students, and, in partnership with the government, is training English teachers as well.

18. (U) The Congressman, who is the ranking Republican member of the House Small Business Committee, also met with representatives of the U.S. Commercial Service and Foreign Agricultural Service at the Embassy's Makati-based American Business Center for a discussion of the Mission's support to other U.S. firms, including the successes in the market of several small Ohio companies.

Call on Speaker De Venecia

19. (SBU) Congressman Chabot called on Philippine Speaker of the House Jose De Venecia at the Speaker's home. Congressman Chabot thanked Speaker De Venecia for his country's efforts to combat terrorism, and congratulated the Speaker on the anti-terrorism bill passed by the Philippine legislature in a special session the day before (reftel). Congressman Chabot expressed concern about extrajudicial killings (EJKs) in the Philippines. The Speaker opined that most of these killings were due to internal purges within the ranks of the left as well as revenge killings by families of slain soldiers. Congressman Chabot also encouraged the Speaker to rein in corruption, a step which he said would attract U.S. businesses and investment.

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